

**UNITED STATES BANKRUPTCY COURT
DISTRICT OF MINNESOTA**

In re:

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|--|--------------------------------------|
| Wagstaff Minnesota, Inc., Debtor. | Case No. 11-43073 Chapter 11 Case |
| Wagstaff Properties Minnesota, LLC, Debtor. | Case No. 11-43076 Chapter 11 Case |
| Wagstaff Management Corporation, Debtor. | Case No. 11-43081 Chapter 11 Case |
| Wagstaff Properties, LLC, Debtor. | Case No. 11-43074 Chapter 11 Case |
| D & D Food Management, Inc., Debtor. | Case No. 11-43084 Chapter 11 Case |
| D & D Idaho Food, Inc., Debtor. | Case No. 11-43083 Chapter 11 Case |
| D & D Property Investments, LLC, Debtor. | Case No. 11-43075 Chapter 11 Case |
| Wagstaff Texas, Inc., Debtor. | Case No. 11-43080 Chapter 11 Case |
| Wagstaff Properties Texas, LLC, Debtor. | Case No. 11-43077 Chapter 11 Case |
| Wagstaff Atte Alaska, Inc., Debtor. | Case No. 11-43082 Chapter 11 Case |
| Wagstaff Atte Alaska, LLC, Debtor. | Case No. 11-43078 Chapter 11 Case |
| A D Bakes, Inc., Debtor. | Case No. 11-43079 Chapter 11 Case |

**DECLARATION OF DENMAN WAGSTAFF IN SUPPORT OF THE FOLLOWING
“FIRST DAY” MOTIONS OF DEBTORS-IN-POSSESSION:**

**(1) NOTICE OF HEARING AND JOINT MOTION FOR ORDER GRANTING
EXPEDITED RELIEF AND AUTHORIZING JOINT ADMINISTRATION OF
ESTATES**

(2) NOTICE OF HEARING AND JOINT MOTION FOR EXPEDITED HEARING AND FOR AN ORDER AUTHORIZING DEBTORS TO PAY THE PREPETITION 503(b)(9) ADMINISTRATIVE CLAIMS OF CERTAIN CRITICAL VENDORS

(3) NOTICE OF HEARING AND JOINT MOTION FOR (I) EXPEDITED RELIEF AND (II) INTERIM AND FINAL ORDERS (A) AUTHORIZING DEBTORS' USE OF UNENCUMBERED CASH OR CASH COLLATERAL AND (B) GRANTING ADEQUATE PROTECTION

(4) NOTICE OF HEARING AND JOINT MOTION FOR AN EXPEDITED HEARING AND FOR AN ORDER AUTHORIZING DEBTORS TO PAY PREPETITION WAGES AND EMPLOYEE BENEFITS, CONTINUING EXISTING EMPLOYEE BENEFITS PLANS AND AUTHORIZING BANKS AND FINANCIAL INSTITUTIONS TO HONOR AND PROCESS CHECKS AND TRANSFERS RELATED TO SUCH RELIEF

(5) NOTICE OF HEARING AND JOINT MOTION FOR ORDER (I) GRANTING EXPEDITED RELIEF, (II) AUTHORIZING MAINTENANCE OF EXISTING BANK ACCOUNTS AND BUSINESS FORMS, AND (III) AUTHORIZING CONTINUED USE OF CASH MANAGEMENT SYSTEM

I, Denman Wagstaff, declare as follows:

1. I am the President of Wagstaff Management Corporation, Wagstaff Properties, LLC, Wagstaff Minnesota, Inc., Wagstaff Properties Minnesota, LLC, D&D Food Management Inc., D&D Idaho Food, Inc., D&D Property Investments LLC, Wagstaff Texas, Inc., Wagstaff Properties Texas, LLC, Wagstaff-Atte Alaska, Inc., Wagstaff-Atte Alaska, LLC, and A D Bakes, Inc. (collectively, the "Debtors"). The facts and matters set forth herein are true and based upon my own personal knowledge and, if called to testify, I could and would competently testify thereto. The books, records and information referred to below are prepared and maintained at my direction by the advisors and employees that I engaged for the Debtors and all of whom report directly to me on a regular and current basis to ensure that I am knowledgeable about all aspects of the Debtors' business.

2. The Debtors are corporations and limited liability companies owned in whole or in part by me and my wife, along with various other minority or equal owners.¹ A true and correct corporate ownership chart is attached hereto as Exhibit A. Pursuant to franchise agreements, the Debtor corporations (“Operating Debtors”) currently own and operate 77 “Kentucky Fried Chicken” restaurants in Alaska, California, Idaho, Minnesota and Texas, with a corporate headquarters in Hanford, California.² The Debtors that are limited liability companies (“Property Debtors”) each own real property that is leased to certain of the Operating Debtors. A true and correct copy of a chart showing the location of the Debtors’ properties and restaurants is attached hereto as Exhibit B. The Debtors are presently uncertain about the enterprise value of their businesses. The Property Debtors have no other substantial assets or operations. The Debtors currently have approximately 1,233 employees.

The Debtors’ Capital Structure

3. To finance the improvement and acquisition of a majority several franchise restaurants the Debtors received financing from General Electric Capital Franchise Finance (“GEC”) and Citigroup Inc. Subsequently, GEC purchased all of the Debtors outstanding debt owed to Citigroup, Inc. In addition, for some of the stores, Perella Weinberg Partners Asset Based Value Master Fund I L.P. and Perella Weinberg Partners ABV Opportunity Master Fund II A L.P. (serviced by NFA Funding II, LLC).

4. Set forth on Exhibit B is a true and correct chart listing which stores were financed by GEC and NFA. GEC claims it is currently owed approximately \$47.5 million to GEC, which GEC alleges is secured by substantially all of the borrowing Debtors’ assets, including cash. NFA claims it is currently owed approximately \$13.6 million to Perella

¹ All of the Debtors are majority owned by Wagstaff and his wife, with the exception of D&D Food Management Inc., D&D Idaho Food, Inc., D&D Property Investments Inc., which are each 50% owned by Donald and Frances Steinke.

² A D Bakes, Inc. has no assets and is solely used to pay certain employees of Wagstaff Management Corporation.

Weinberg Partners Asset Based Value Master Fund I L.P. and Perella Weinberg Partners ABV Opportunity Master Fund II A L.P. (serviced by NFA Funding II, LLC) (together with its affiliates, “NFA”), which NFA alleges is secured by substantially all of the borrowing Debtors’ assets, including cash.

5. The Debtors estimate that as of commencement of these cases they owed approximately \$1.22 million to their unsecured creditors, including the following: over \$700,000 for food and supplies and approximately \$390,000 for construction.

Events Leading to Chapter 11

Secured Creditors

6. Throughout the life of the business, the Debtors have periodically financed the acquisition of new Kentucky Fried Chicken franchised restaurants and the improvement of currently owned franchised restaurants. Indeed, pursuant to the franchise agreements, the Debtors are expected to make improvements and renovations to their existing restaurants as requested by KFC Corporation (“KFC”).

7. In or around December 2005, certain of the Debtors received financing from Citigroup, Inc. for, among other things, the purchase of multiple KFC restaurants in Minnesota. As noted above, in the summer of 2008, GEC purchased all of the Debtors outstanding debt owed to Citigroup, Inc.

8. For the years following this acquisition, the Debtors continued to operate profitably and make the required renovations and other capital expenditures required by KFC. These expenditures often left the Debtors with little cash liquidity and, contrary to past experience, generated little increase in sales.

9. Starting in 2008, sales at the Debtors’ restaurants dropped significantly. The Debtors, similar to many food franchisees across the country, began experiencing a significant

slow down in business arising from the national financial crisis and corresponding reduction of consumer spending. The Debtors responded to these dramatic changes by exploring and implementing many different ways to reduce expenses and improve efficiency of operations. Since 2008, the Debtors gross profits and EBITDA were as follows:

| <u>Year</u> | <u>Gross Profits</u> | <u>EBITDA</u> |
|-------------|----------------------|-----------------|
| 2008 | \$52.18 million | \$10.45 million |
| 2009 | \$48.46 million | \$8.78 million |
| 2010 | \$45.07 million | \$6.44 million |

10. Faced with significant cash flow problems, the Debtors stopped making payments to GEC and NFA in mid-2009. Around this time, the Debtors hired Trinity Capital, LLC to assist the Debtors in their turnaround and restructuring efforts.

11. GEC and NFA sent notices of default to the Debtors in October and November 2009, respectively.

12. Subsequently, the Debtors and GEC entered into a forbearance agreement, which has currently been extended to July 1, 2011. The Debtors are currently paying only the interest on the amounts owed to GEC. The Debtors were unable to negotiate a forbearance agreement with NFA, but have continued to pay the interest on the amounts owed and NFA has not sought to exercise their rights or remedies. Occasionally, when the Debtors' finances permit, the Debtors have made payments on the principal of these loans.

Franchise Agreements

13. In addition, the Debtors were unable to meet some of their obligations under the franchise agreements, including payments to KFC Corporation's ("KFC") advertising company, National Council and Advertising Cooperative, Inc. ("NCAC"). In the summer of 2009, due to a

significant cash flow shortage, the Debtors were unable to pay amounts owing to NCAC, and received a notice of default in August of that year.

14. On or around October 20, 2009, KFC sent letters purporting to terminate the Debtors franchise agreements with the Debtors. Subsequently, the Debtors began negotiating a reinstatement agreement with KFC whereby they would be reinstated as franchisees. During this time, the Debtors continued to operate their stores under the KFC name.

15. After extended negotiations, in August 2010, the Debtors entered into reinstatement agreements with KFC in which all of the franchise agreements were reinstated. Pursuant to the reinstatement agreements with KFC, as of May 1, 2011, KFC may assert a right to cancel the franchise agreements with the Debtors. I have received communications from KFC indicating that it is likely KFC will assert such rights.

16. If KFC were able to terminate the Debtors' franchise agreements preventing the Debtors from operating Kentucky Fried Chicken branded restaurants, it would cause irreparable harm to the estates. The Debtors' restaurants would be left without the name recognition, national advertising and other benefits associated with operating as a franchise.

17. Under these circumstances, I determined that a chapter 11 filing for each of the Debtors was necessary to preserve and maximize the value of the Debtors' assets for the benefit of all interested parties.

Facts Relating To The Motion For Joint Administration

18. The Debtors are California corporations and limited liability companies owned in whole or in part by Denman Wagstaff and his wife, Alyce Wagstaff. The Debtors engage in the business of operating Kentucky Fried Chicken franchises or hold real property that is leased by one of the franchised restaurants. In addition, the Debtors have common management and many of the same creditors and parties in interest.

Facts Relating To The Motion To Use Cash Collateral

19. As a food franchisee whose value is dependent on cash flow, the Debtors must continue to operate in order to preserve the Debtors' going concern value.

20. The Debtors have prepared 13 week budgets for each Debtor and a collateral summary (collectively, the "Budget") that are attached as Exhibit C hereto. The Budget sets forth the Debtors' anticipated cash needs through July, 2011. As set forth in the Budget, the Debtors require cash for the primary purposes of: (1) payroll, (2) supplies, (3) rent, and (4) operating expenses. With respect to the purchase of supplies, the Debtors utilize three primary suppliers approved by the Debtors' franchisor. The Debtors currently are negotiating with those suppliers to continue the existing beneficial trade terms on a going forward basis. As reflected in the Budget, the Debtors project that their cash balance will increase from approximately \$133,000 on the Petition Date to approximately \$199,000 on July 30, 2011.

21. Because projections are forward-looking, they can never be entirely accurate. Thus, to protect the Debtors from fluctuations in expenses and costs, the Debtors request that they be permitted to have the flexibility to increase expenditures by up to 20% for any particular line item in the Budget, and 15% in the aggregate. Under this structure, the Debtors will have the flexibility to operate their business without disruption.

22. The Debtors will suffer irreparable harm if they cannot utilize their cash on a preliminary basis for the expenses listed in weeks 1-4 of each individual Debtor's budget, attached hereto, pending a final hearing on this Motion.

23. As reflected on the individual Budget for weeks 1 through 4, the Debtors need the immediate use of cash to meet the on-going expenses of operating their businesses, including making the next payroll for employees which will occur on or after May 3, 2011 in the approximate amount set forth in the Budget (the "Pending Payroll Obligations") and paying

payroll taxes and related employee expenses, as well as payments to trade vendors for post-petition purchases, payment of rent, utility deposits, telephone, insurance, payments to other parties that supply goods and services to the Debtors post-petition and other necessary expenses associated with the administration of the bankruptcy estates. For example, the Debtors pay substantial amounts per week for food and other supplies and require immediate use of cash to replenish inventory and continue ordinary course business operations.

24. These expenses are more specifically set forth in the Debtors' cash flow projections and Budget for the business. In sum, the Debtors have an immediate need to use approximately \$5.3 million between the Petition Date and week 4, in accordance with the Budget. Payment of all of these amounts are necessary to avoid immediate and irreparable harm to the Debtors' bankruptcy estates pending a hearing on the Motion and the Debtors by this Motion seek interim and final authority herein to utilize any cash that constitutes cash collateral for the benefit of the businesses, the bankruptcy estates and all constituents.

25. The Debtors utilize the services of a nationally recognized payroll processing service, Payroll People, to facilitate payroll obligations to its employees. The Debtors are also seeking authorization to pay prepetition portions of the Pending Payroll Obligations under a separate motion filed contemporaneously with this Motion.

26. The Debtors anticipate the entry of a final order authorizing the use of cash collateral on or around June 3, 2011. If the Debtors are unable to timely fund the Pending Payroll Obligations, the Debtors are likely to lose their approximately 1,200 employees and be unable to hire new employees. In addition, the Debtors must have use of their cash to pay certain critical vendors for goods and services necessary to operate the Restaurants. Without the interim use of cash as proposed in the Budget, the Debtors will not be able to continue operations and pursue their strategies for maximizing value, and the interests of creditors and other parties in

interest in these cases will be irreparably harmed. Therefore, cause exists to reduce notice of the hearing with respect to an interim order authorizing the use of the Debtors' cash.

27. The Debtors have cash on hand and will generate cash from continuing sales at the restaurants. As set forth in the Budget, the Debtors project that such cash will be sufficient to fund their chapter 11 administrative expenses, including post-petition operating expenses.

Facts Relating To The Motion To Pay Employee Wages and Benefits

28. The Operating Debtors, collectively, have 1,233 employees the majority of whom are paid on an "hours worked" basis. The Debtors pay their employees bi-weekly based on the hours worked in the preceding 2-week period. Accordingly, immediately following each pay-day, the Debtors are 2 weeks in arrears on payroll because the time records need to be processed before the next payroll can occur. In 2010, the Debtors' average aggregate monthly payroll was approximately \$1,265,552. In addition, the Debtors reimburse eligible employees for certain out-of-pocket business expenses incurred in the ordinary course of business, such as travel expenses. By this Motion the Debtors seek to, among other things, pay unpaid compensation and related taxes within the limits of section 507(a)(4) and (5) in the approximate of \$ \$662,000.

29. This Motion also seeks to pay any the ongoing wages and benefits of Denny Wagstaff, the Debtors' president. Wagstaff's compensation includes a monthly salary of approximately \$40,000, benefits, as described below, and reimbursement of reasonable business expenses. In addition, the Debtors pay approximately \$6000 per month for a junior loan on Wagstaff's house, the proceeds of which were used by the Debtors for acquisition of KFC franchised restuarants in Minnesota. Further, the Debtors utilize vehicles owned by Wagstaff, in the ordinary course of their businesses, and in consideration the Debtors pay Wagstaff approximately \$2,200 per month.

30. The Debtors use Payroll People, Inc. (“Payroll People”) to pay their employees. Once every two weeks, Payroll People automatically withdraws funds from the Debtors’ payroll accounts to meet the payroll obligations. Prior to each bi-weekly payroll, the Debtors provide Payroll People with relevant payroll information, which Payroll People uses to electronically deduct the appropriate amounts from the Debtors’ payroll accounts for employee payroll and related taxes. Payroll People then either deposits funds in the accounts of employees that use direct deposit or issues and delivers paychecks to the restaurant locations where the checks are handed out to the employees. For certain Debtors, the paychecks are first mailed to the corporate office, which then overnight mails them to those Debtors’ restaurants. Information regarding the Debtors’ most recent payroll, the next upcoming payroll, the period that payroll covers and the amount of that payroll is attached hereto as Exhibit D.

31. In the ordinary course of business, and as is customary with most companies, the Debtors offer a benefits package to some or all of its employees (the “Employee Benefits”), including the following: (a) paid time off for holidays; (b) paid time off for vacation; (c) medical insurance; (d) dental insurance; and (e) vision insurance. The combined monthly cost of the Employee Benefits to the Debtors is approximately \$40,000 per month for all non-insider employees.

32. As described above, certain of the Debtors’ employees are permitted to take paid vacation. Certain employees have accrued vacation leave pay based upon work performed prepetition, totaling approximately \$67,255.00. A chart detailing the amounts owing by the Debtors as of the Petition Date for all accrued paid leave for the Debtors is attached hereto as Exhibit E.

33. The Debtors do not propose to pay the amounts owing for accrued paid leave in lump sum cash payments, but rather request authority to permit current employees to use their

accrued paid vacation days, and to be paid for such leave, in the ordinary course of business postpetition. With respect to the amounts accrued by former employees, to the extent that any former employee would be entitled to payment on account of unused accrued paid leave upon the termination of employment under the Debtors' employment policies or applicable law, and provided that any such former employee files and serves a timely proof of claim in this Case, such claim shall be afforded priority status under section 507(a)(4), subject to the limitations set forth therein.

34. The Debtors' intent is to continue to utilize the Payroll People postpetition, in the ordinary course of business and in the same manner as utilized prepetition, in accordance with the terms of their respective agreements with the Payroll People.³

35. The employees perform a variety of critical tasks, including daily staffing and local management of the Debtors' various restaurant locations, as well as provide direct services for the Debtors' customers. The employees' knowledge and understanding of the Debtors' operations and customer relations are essential to the effective restructuring of the Debtors' businesses. Without the continued services of the employees, an effective restructuring of the Debtors will not be possible.

36. If prepetition wage, compensation, benefit and reimbursement amounts are not received by the employees in the ordinary course, they will suffer extreme personal hardship and, in many cases, will be unable to pay their basic living expenses. Such a result would destroy employee morale and result in unmanageable employee turnover, causing immediate and pervasive damage to the Debtors' ongoing business operations, thereby resulting in immediate and irreparable harm to the Debtors and their estates.

³ The Debtors intent to utilize the Payroll People postpetition is not to be interpreted as a concession by the Debtors that their agreements with the Payroll Provider are executory contracts and/or that the Debtors' intend to assume the agreements with the Payroll Provider pursuant to section 365 of the Bankruptcy Code. The Debtors specifically reserve all rights under section 365 of the Bankruptcy Code.

Facts Relating to the Motion to Pay Critical Vendors

37. The Debtors are fundamentally dependent upon the Critical Vendors to supply essential goods and/or services that are necessary for the Debtors to operate their Kentucky Fried Chicken franchises. As is set forth in more detail below, the Debtors' ability to run the business and sell Kentucky Fried Chicken-approved products is entirely dependent upon the continued business with the Critical Vendors. The Debtors have no other sources for the Critical Vendors' goods and/or services other than to purchase those provided by the Critical Vendors. The process of identifying the Critical Vendors was undertaken by the Debtors' senior management in conjunction with the Debtors' advisors. The Debtors placed a significant emphasis on the sole source nature of the Critical Vendors.

38. As set forth on Exhibit F attached hereto, lists the Debtors certain vendors that are "critical," such that their prepetition 503(b)(9) claims should be paid. These vendors are approved and certified to supply to Kentucky Fried Chicken franchises in the regions the Debtors operate restaurants. Because the Debtors do not have any alternatives to obtain substitute goods and/or services from other suppliers, they must have authority, in their discretion, to satisfy the prepetition 503(b)(9) claims of these parties to ensure that these parties continue to supply without interruption.

39. Ongoing support from the Critical Vendors is vital to maintaining the going concern value of the Debtors' businesses and to achieve the maximum return to creditors. At this precarious stage and based on the Debtors' liquidity issues, an interruption in the goods and services provided to the Debtors by the Critical Vendors would have an extremely negative effect upon the Debtors and their estates. The goods and/or services provided by the Critical Vendors must continue unabated if loss of enterprise value is to be avoided. The Debtors operate under very strict vendor requirements.

40. Accordingly, the interests of all of the Debtors and their estates and creditors will be best served if the Debtors are authorized to pay the obligations due to the Critical Vendors. In most instances, no other manufacturer or supplier is permitted to supply the required goods (in the appropriate regions) needed for the Debtors to operate the restaurants. In instances where substitute goods and/or services may exist, such as with carbon dioxide vendors, the Debtors believe that an alternate supplier cannot provide goods and services that meet the Debtors' requirement for quality and quantity in a time frame that would avoid material disruption to business operations. An alternate supplier cannot ensure availability on a cost-efficient and timely basis in the appropriate geographic areas.

41. The Debtors, as Kentucky Fried Chicken franchisees, may only use approved suppliers and distributors in accordance with the approval of KFC.

42. KFC is responsible for brand strategy, marketing programs, product specifications, food quality and safety standards and the approval and disapproval of suppliers and distributors. Franchisees then buy the approved products from the KFC approved distribution companies — which is the case for the Debtors.

43. KFC approves all vendors and products for the Kentucky Fried Chicken system. All suppliers must meet KFC required service, product and/or equipment specifications, maintain certain standards and satisfy other KFC approval criteria on an ongoing basis. In addition to meeting KFC's approval requirements, approved suppliers must meet KFC's commercial requirements to ensure continuous supply of the approved products to the Kentucky Fried Chicken system at competitive prices.

44. For distribution services, agreements with the approved distributors are negotiated by KFC on behalf of most Franchisees. As with suppliers, distributors to the Kentucky Fried Chicken system must also meet KFC's strict standards for quality and safety and must be able to

ensure continuous and reliable supply of the approved products to Kentucky Fried Chicken restaurants at competitive distribution rates.

45. As is clear, the Debtors have no other option but only to utilize vendors approved and certified by KFC and, with respect to the carbon dioxide vendors which are not required by KFC, the Debtors believe that they would be unable to find suitable alternative suppliers in their geographic regions.

Facts Relating to the Motion to Maintain Cash Management Systems and Prepetition Bank Accounts

46. In the ordinary course of business prior to the Petition Date, the Debtors maintain 28 separate bank accounts through which the Debtors manage cash receipts, credit card payments, transfers and disbursements for the Debtors' entire corporate enterprise (the "Cash Management System"). A true and correct schedule identifying all of the Debtors' prepetition bank accounts (collectively, the "Prepetition Bank Accounts") is attached hereto as Exhibit G.

47. The Debtors routinely deposit, withdraw, and otherwise transfer funds to, from and between such accounts by various methods, including checks, automatic clearing house ("ACH") and other electronic funds transfers, and direct deposits. The Prepetition Bank Accounts are maintained at Wells Fargo Bank, National Association ("Wells Fargo"), Bank of America, NA ("BofA") and two community banks.

48. The Prepetition Bank Accounts through which the Cash Management System is operated are part of the accounting and cash concentration and disbursement system employed by Debtors.

49. Each Operating Debtor has one or more accounts in which daily deposits are made by each store owned by that Operating Debtor. Those store accounts are swept into either

a concentration account or checking account held by the Operating Debtor. For certain Debtors, including those with stores in Alaska, store deposits are made directly into the checking account.

50. The Operating Debtors each have one or more concentration accounts, payroll accounts and checking accounts, as necessary. At the appropriate time, funds are transferred from either the concentration account or checking account into the payroll account and Payroll People, the Debtors' payroll servicer, directly withdraws from this account to effectuate payment to the employees of that Operating Debtor.⁴ The remaining funds in any concentration accounts are transferred to the checking accounts, which are used to fund accounts payable and other necessary expenses.

51. The majority of the bank accounts are with Wells Fargo and Bank of America (the "Approved Bank Accounts") and a few of the bank accounts are with United Security Bank and Santa Lucia Bank which are not "Authorized Depositories" (the "Non-Approved Bank Accounts").

52. With the exception of D&D Property Investments, LLC, none of the Property Debtors have bank accounts – all amounts owed to creditors by the Property Debtors are paid by the Operating Debtor lessee.

53. D&D Property Investments has an account holding a *de minimis* amount of money that is used a few times a year to make certain small payments. As noted on Exhibit G, the Operating Debtors also have a limited number of other bank accounts that, for historical reasons, are largely inactive and only hold *de minimis* funds (all accounts with *de minimis* funds are hereinafter referred to as the "De Minimis Accounts").

⁴ The only exception is A D Bakes, Inc., which is a separate entity with its own payroll accounts that are funded from Wagstaff Management Corporation's checking account to pay certain of Wagstaff Management Corporation's employees. A D Bakes, Inc. receives no other funds from any of the Debtors and pays no funds on behalf of any of the Debtors.

54. The Debtors have utilized their Cash Management System substantially in its current structure as part of their ordinary, usual and essential business practices. If the Debtors were required to close the Prepetition Bank Accounts and open new bank accounts, the Debtors would have to make arrangements with their credit card processing company, payroll servicer and other third parties to ensure that payments and withdrawals are properly redirected. This effort, along with the administrative process that the Debtors must undertake with a bank to establish new accounts with substantially the same functionality, would create a significant delay in having funds available to operate the Debtors' businesses and pay creditors post-petition. By allowing the Debtors to maintain the Prepetition Bank Accounts other than the *De Minimis* Accounts, all parties in interest, including employees, creditors, and the Estates, will benefit and the Debtors' rehabilitative efforts will be promoted.

55. The Debtors will continue to maintain records with respect to transfers of cash, so that transactions can be ascertained, traced and recorded properly on applicable intercompany accounts. The Debtors will also have the Prepetition Bank Accounts and associated checks indicate that the accounts are for debtors in possession.⁵

56. Additionally, the Debtors will close the Non-Approved Bank Accounts and reopen them with "Approved Depositories" (either Wells Fargo or Bank of America).

57. The Debtors represent that, to the best of their ability, no prepetition checks will be honored, unless authorized by separate order of the Court. Except as otherwise ordered by this Court, the Debtors' banks will be advised by the Debtors not to honor checks issued prior to the Petition Date on any of the Accounts.

58. The Debtors' Cash Management System constitutes customary and essential business practices and is similar to those commonly employed by corporate enterprises of

⁵ While the Debtors have ordered checks noting that they are "debtors-in-possession," they will stamp such language on their current checks until they receive the new checks.

comparable size and complexity, especially in the fast food industry. Multi-entity businesses use such systems because of the numerous benefits provided, including, without limitation, the ability to: (a) control and monitor corporate funds; (b) ensure cash availability; and (c) reduce administrative costs by facilitating the movement of funds and the development of timely and accurate account balances and presentation information. Granting the Debtors authority to continue using the Cash Management System will help facilitate a smooth transition into their chapter 11 cases and will help avoid interference with the Debtors reorganization efforts.

59. The Debtors request that the United States Trustee temporarily waive the requirement that the Prepetition Bank Accounts be closed and new post-petition bank accounts be opened except as set forth above as to the *De Minimis* Accounts and the Non-Approved Bank Accounts. If enforced in these cases, this requirement will cause enormous disruption to the Debtors' businesses and would impair the Debtors' efforts to restructure. It is imperative to the Debtors' successful operations that vendors, employees, and taxing authorities receive timely and uninterrupted payments. The disparate nature of the Debtors' franchise locations requires the seamless ability of cash to move through the existing Cash Management System.

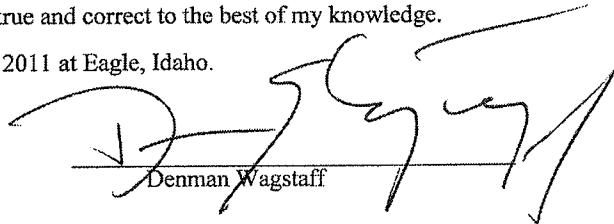
60. Maintenance of the Prepetition Bank Accounts as accounts of the debtors in possession would greatly facilitate the Debtors' transition to postpetition operations. To avoid delays in payment of debts incurred postpetition and to ensure as smooth a transition into chapter 11 as possible, the Debtors should be permitted to continue to maintain the existing Prepetition Bank Accounts and, if necessary, to open new accounts. Otherwise, a closing down and transfer of the Prepetition Bank Accounts will be tremendously disruptive and time consuming. For the same reasons, the Debtors also seek authorization to use existing business forms, before ordering replacement supplies that strictly comply with the requirements of the United States Trustee.

61. The Debtors are taking and will continue to take steps to stop payment on all prepetition debts paid by checks which have not cleared the Debtors' Prepetition Bank Accounts. As a matter of course, the Debtors will continue to maintain records regarding all transfers of cash so that all transactions can be ascertained, recorded and traced. The United States Trustee's concerns of creating a clear line of demarcation between prepetition and postpetition obligations can be satisfied here without the necessity of closing the Prepetition Bank Accounts. Subject to a prohibition against honoring prepetition checks without specific authorization of this Court, the Debtors request that the Prepetition Bank Accounts be deemed debtor in possession accounts and that the Debtors be authorized to maintain and continue the use of these accounts in the same manner and with the same account numbers, styles and forms as those employed prepetition.

62. If the relief requested herein is granted, and except as disclosed above, the Debtors will not pay, and each of the banks where the Prepetition Bank Accounts are maintained will be directed not to pay, any checks drawn on the Prepetition Bank Accounts prepetition other than as specifically authorized by this Court.

I declare that the foregoing is true and correct to the best of my knowledge.

Executed this 2nd day of May 2011 at Eagle, Idaho.



The image shows a handwritten signature in black ink. The signature is fluid and cursive, appearing to read "D. Wagstaff". Below the signature, the name "Denman Wagstaff" is printed in a smaller, more formal font.

Exhibit A

Wagstaff Entities Ownership Chart

Wagstaff Management Corp.
9 KFC; 3 KFC/A&W; 3 KFC/TB
Denman & Alyce Wagstaff (100%)

Wagstaff Minnesota, Inc.
21 KFC; 5 KFC/A&W; 2 KFC/PH
Denman & Alyce Wagstaff (75%)
Wendell Wagstaff (5.55%)
Other (19.45%)

Wagstaff Properties, LLC
Real estate operating company
Denman & Alyce Wagstaff (100%)

Wagstaff Properties Minnesota, LLC
Real estate operating company
Denman & Alyce Wagstaff (100%)

A D Bakes, Inc.
Denman & Alyce Wagstaff (100%)

D&D Food Management, Inc.

6 KFC; 3 KFC/A&W

Denman & Alyce Wagstaff (50%)
Donald & Frances Steinke (50%)

D&D Idaho Food, Inc.

2 KFC; 9 KFC/A&W; 3 KFC/LJS

Denman & Alyce Wagstaff (50%)
Donald & Frances Steinke (50%)

D&D Property Investments, LLC

Real estate operating company

Denman & Alyce Wagstaff (50%)
Donald & Frances Steinke (50%)

Wagstaff Texas, Inc.

3 KFC; 1 KFC/TB
Denman & Alyce Wagstaff (80%)
Jeremy & Therese Schick (14.55%)
Timothy & Jocelyn Murray (5.45%)

Wagstaff-Atte Alaska, Inc.

5 KFC; 1 KFC/LJS
Denman & Alyce Wagstaff (60%)
Wendell Wagstaff (20%)
Phil Atteberry (20%)

Wagstaff Properties Texas, LLC

Real estate operating company
Denman & Alyce Wagstaff (80%)
Jeremy & Therese Schick (14.55%)
Timothy & Jocelyn Murray (5.45%)

Wagstaff-Atte Alaska, LLC

Real estate operating company
Denman & Alyce Wagstaff (60%)
Wendell Wagstaff (20%)
Phil Atteberry (20%)

Exhibit B

Asset Listing by Property Debtors

| Store # | Store Name | Street Address | City | State | Holding Entity | Senior Creditor |
|----------------|-------------------------|-----------------------------|---------------|--------------|-----------------------------------|------------------------|
| 2 | 02 - Lake Blvd. | 86 Lake Blvd | Redding | CA | D&D Property Investments LLC | GE Capital |
| 5 | 05 - Anderson | 3088 McMurray Blvd. | Anderson | CA | D&D Property Investments LLC | GE Capital |
| 7 | 07 - Yuba City | 808 Colusa Ave | Yuba City | CA | D&D Property Investments LLC | GE Capital |
| 8 | 08 - New Linda | 1135 North Beale Road | Marysville | CA | D&D Property Investments LLC | GE Capital |
| 9 | 09 - Chico | 1161 Mangrove Ave | Chico | CA | D&D Property Investments LLC | GE Capital |
| 10 | 10 - Oroville | 1796 Oro Dam Blvd W | Oroville | CA | D&D Property Investments LLC | GE Capital |
| 22 | 22 - Ontario | 1688 SW 4th Ave | Ontario | OR | D&D Property Investments LLC | GE Capital |
| 26 | 26 - State | 3220 West State Street | Boise | ID | D&D Property Investments LLC | NFA Funding |
| 28 | 28 - Boise | 8440 W Overland Rd | Boise | ID | D&D Property Investments LLC | NFA Funding |
| 29 | 29 - New Caldwell | 5102 Cleveland Blvd | Caldwell | ID | D&D Property Investments LLC | NFA Funding |
| 32 | 32 - Strawberry | 6965 Glenwood Street | Boise | ID | D&D Property Investments LLC | NFA Funding |
| 34 | 34 - Greenhurst | 145 East Main Ave | Nampa | ID | D&D Property Investments LLC | NFA Funding |
| 36 | 36 - Fairview | 1680 North Westland Drive | Boise | ID | D&D Property Investments LLC | GE Capital |
| 37 | 37 - Garrity | 4226 Garrity Blvd. | Nampa | ID | D&D Property Investments LLC | NFA Funding |
| 55 | 55 - Abbott | 1751 Abbott Road | Anchorage | AK | Wagstaff Atte Alaska, LLC | GE Capital |
| 65 | 65 - Atascadero | 4500 San Palo Road | Atascadero | CA | Wagstaff Properties LLC | GE Capital |
| 73 | 73 - Lamont | 10601 Main Street | Lamont | CA | Wagstaff Properties LLC | GE Capital |
| 78 | 78 - Union | 1400 Union Avenue | Bakersfield | CA | Wagstaff Properties LLC | GE Capital |
| 80 | 80 - Vernon | 1221 Mount Vernon Avenue | Bakersfield | CA | Wagstaff Properties LLC | GE Capital |
| 81 | 81 - White | 1449 White Lane | Bakersfield | CA | Wagstaff Properties LLC | GE Capital |
| 83 | 83 - Panama | 2700 Panama Lane | Bakersfield | CA | Wagstaff Properties LLC | GE Capital |
| 131 | 131 - Rice | 1624 Rice Street | St.Paul | MN | Wagstaff Properties Minnesota LLC | GE Capital |
| 132 | 132 - Main | 1728 Main Street | Hopkins | MN | Wagstaff Properties Minnesota LLC | GE Capital |
| 133 | 133 - Broadway | 1301 West Broadway Ave | Minneapolis | MN | Wagstaff Properties Minnesota LLC | GE Capital |
| 134 | 134 - Bloomington | 9255 Lyndale Ave | Bloomington | MN | Wagstaff Properties Minnesota LLC | GE Capital |
| 135 | 135 - Chicago | 2918 Chicago Ave | Minneapolis | MN | Wagstaff Properties Minnesota LLC | GE Capital |
| 136 | 136 - Inver Grove Heigh | 3220 57th Street E | Inver Grove | MN | Wagstaff Properties Minnesota LLC | GE Capital |
| 138 | 138 - University | 1089 University Ave | St.Paul | MN | Wagstaff Properties Minnesota LLC | GE Capital |
| 139 | 139 - Richfield | 220 West 66th Street | Richfield | MN | Wagstaff Properties Minnesota LLC | GE Capital |
| 140 | 140 - Beam | 1938 Beam Ave | St.Paul | MN | Wagstaff Properties Minnesota LLC | GE Capital |
| 141 | 141 - Brooklyn Park | 8025 Brooklyn Park Blvd | Brooklyn Park | MN | Wagstaff Properties Minnesota LLC | GE Capital |
| 145 | 145 - Suburban | 1722 Suburban Ave | St.Paul | MN | Wagstaff Properties Minnesota LLC | GE Capital |
| 146 | 146 - Oakdale | 7037 10th St N | Oakdale | MN | Wagstaff Properties Minnesota LLC | GE Capital |
| 147 | 147 - Mounds View | 2213 Highway 10 | St.Paul | MN | Wagstaff Properties Minnesota LLC | GE Capital |
| 149 | 149 - Rosemount | 10510 Claret Ave W | Rosemount | MN | Wagstaff Properties Minnesota LLC | GE Capital |
| 150 | 150 - Savage | 14165 Highway 13 S | Savage | MN | Wagstaff Properties Minnesota LLC | GE Capital |
| 152 | 152 - Edinburgh | 8540 Edinburgh Center Drive | Brooklyn Park | MN | Wagstaff Properties Minnesota LLC | GE Capital |
| 255 | 255 - DeSoto | 915 N I 35 E | Desoto | TX | Wagstaff Texas Properties LLC | NFA Funding |
| 256 | 256 - Waxahachie | 1209 North Highway 77 | Waxahachie | TX | Wagstaff Texas Properties LLC | NFA Funding |
| 257 | 257 - Polk | 3806 South Polk Street | Dallas | TX | Wagstaff Texas Properties LLC | NFA Funding |
| 259 | 259 - Ledbetter | 2802 East Ledbetter Dr | Dallas | TX | Wagstaff Texas Properties LLC | NFA Funding |

Asset Listing by Operating Debtor

| Store # | Store Name | Street Address | City | State | Operating Company | Senior Creditor |
|----------------|----------------------|----------------------------|-------------|--------------|---------------------------------|------------------------|
| 2 | 02 - Lake Blvd. | 86 Lake Blvd | Redding | CA | D&D Food Management, Inc. | GE Capital |
| 3 | 03 - Cypress | 847 Cypress Ave | Redding | CA | D&D Food Management, Inc. | GE Capital |
| 4 | 04 - Red Bluff | 265 Antelope Blvd | Red Bluff | CA | D&D Food Management, Inc. | GE Capital |
| 5 | 05 - Anderson | 3088 McMurray Blvd. | Anderson | CA | D&D Food Management, Inc. | GE Capital |
| 7 | 07 - Yuba City | 808 Colusa Ave | Yuba City | CA | D&D Food Management, Inc. | GE Capital |
| 8 | 08 - New Linda | 1135 North Beale Road | Marysville | CA | D&D Food Management, Inc. | GE Capital |
| 9 | 09 - Chico | 1161 Mangrove Ave | Chico | CA | D&D Food Management, Inc. | GE Capital |
| 10 | 10 - Oroville | 1796 Oro Dam Blvd W | Oroville | CA | D&D Food Management, Inc. | GE Capital |
| 11 | 11 - Chico Mall | 1980 East 20th Street | Chico | CA | D&D Food Management, Inc. | GE Capital |
| | | | | | | |
| 22 | 22 - Ontario | 1688 SW 4th Ave | Ontario | OR | D&D Idaho Food, Inc. | GE Capital |
| 23 | 23 - Caldwell | 1003 Cleveland Blvd | Caldwell | ID | D&D Idaho Food, Inc. | NFA Funding |
| 24 | 24 - Meridian | 677 East 1st Street | Meridian | ID | D&D Idaho Food, Inc. | NFA Funding |
| 25 | 25 - Nampa | 177 Caldwell Blvd | Nampa | ID | D&D Idaho Food, Inc. | NFA Funding |
| 26 | 26 - State | 3220 West State Street | Boise | ID | D&D Idaho Food, Inc. | NFA Funding |
| 28 | 28 - Boise | 8440 W Overland Rd | Boise | ID | D&D Idaho Food, Inc. | NFA Funding |
| 29 | 29 - New Caldwell | 5102 Cleveland Blvd | Caldwell | ID | D&D Idaho Food, Inc. | NFA Funding |
| 30 | 30 - Federal | 3545 Federal Way | Boise | ID | D&D Idaho Food, Inc. | NFA Funding |
| 31 | 31 - Chinden | 13375 West Chinden Blvd | Boise | ID | D&D Idaho Food, Inc. | NFA Funding |
| 32 | 32 - Strawberry | 6965 Glenwood Street | Boise | ID | D&D Idaho Food, Inc. | NFA Funding |
| 33 | 33 - Market Place | 1639 East Idaho Ave | Ontario | OR | D&D Idaho Food, Inc. | NFA Funding |
| 34 | 34 - Greenhurst | 145 East Maine Ave | Nampa | ID | D&D Idaho Food, Inc. | NFA Funding |
| 36 | 36 - Fairview | 1680 North Westland Drive | Boise | ID | D&D Idaho Food, Inc. | GE Capital |
| 37 | 37 - Garrity | 4226 Garrity Blvd. | Nampa | ID | D&D Idaho Food, Inc. | NFA Funding |
| | | | | | | |
| 52 | 52 - Muldoon | 100 Muldoon Road | Anchorage | AK | Wagstaff Atte Alaska, Inc. | GE Capital |
| 53 | 53 - Northern Lights | 123 W Northern Lights Blvd | Anchorage | AK | Wagstaff Atte Alaska, Inc. | GE Capital |
| 54 | 54 - Bragaw | 3922 San Jeronimo Street | Anchorage | AK | Wagstaff Atte Alaska, Inc. | GE Capital |
| 55 | 55 - Abbott | 1751 Abbott Road | Anchorage | AK | Wagstaff Atte Alaska, Inc. | GE Capital |
| 57 | 57 - Tudor | 4315 Old Seward Hwy | Anchorage | AK | Wagstaff Atte Alaska, Inc. | GE Capital |
| 58 | 58 - Lake Otis | 2512 East Tudor Road | Anchorage | AK | Wagstaff Atte Alaska, Inc. | GE Capital |
| | | | | | | |
| 62 | 62 - Hanford | 412 N Redington Street | Hanford | CA | Wagstaff Management Corporation | GE Capital |
| 63 | 63 - Paso Robles | 2405 Riverside Ave | Paso Robles | CA | Wagstaff Management Corporation | GE Capital |
| 64 | 64 - Lemoore | 1019 N Lemoore Ave | Lemoore | CA | Wagstaff Management Corporation | GE Capital |
| 65 | 65 - Atascadero | 4500 San Palo Road | Atascadero | CA | Wagstaff Management Corporation | GE Capital |
| 72 | 72 - Taft | 1117 Kern Street | Taft | CA | Wagstaff Management Corporation | GE Capital |
| 73 | 73 - Lamont | 10601 Main Street | Lamont | CA | Wagstaff Management Corporation | GE Capital |
| 75 | 75 - Airport | 703 Airport Drive | Bakersfield | CA | Wagstaff Management Corporation | GE Capital |
| 76 | 76 - Rosedale | 9606 Rosedale Highway | Bakersfield | CA | Wagstaff Management Corporation | GE Capital |
| 77 | 77 - Columbus | 2402 Columbus Street | Bakersfield | CA | Wagstaff Management Corporation | GE Capital |
| 78 | 78 - Union | 1400 Union Avenue | Bakersfield | CA | Wagstaff Management Corporation | GE Capital |
| 79 | 79 - Brundage | 3011 Brundage Lane | Bakersfield | CA | Wagstaff Management Corporation | GE Capital |

| Store # | Store Name | Street Address | City | State | Operating Company | Senior Creditor |
|---------|-------------------------|----------------------------|-----------------|-------|---------------------------------|-----------------|
| 80 | 80 - Vernon | 1221 Mount Vernon Avenue | Bakersfield | CA | Wagstaff Management Corporation | GE Capital |
| 81 | 81 - White | 1449 White Lane | Bakersfield | CA | Wagstaff Management Corporation | GE Capital |
| 82 | 82 - White & Ash | 6320 White Lane | Bakersfield | CA | Wagstaff Management Corporation | GE Capital |
| 83 | 83 - Panama | 2700 Panama Lane | Bakersfield | CA | Wagstaff Management Corporation | GE Capital |
| 128 | 128 - Cleveland | 740 Cleveland Avenue | St.Paul | MN | Wagstaff Minnesota, Inc. | GE Capital |
| 129 | 129 - Eden Praire | 7995 Glen Lane | Eden Prarie | MN | Wagstaff Minnesota, Inc. | GE Capital |
| 130 | 130 - Eagan | 4585 Erin Lane | Eagan | MN | Wagstaff Minnesota, Inc. | GE Capital |
| 131 | 131 - Rice | 1624 Rice Street | St.Paul | MN | Wagstaff Minnesota, Inc. | GE Capital |
| 132 | 132 - Main | 1728 Main Street | Hopkins | MN | Wagstaff Minnesota, Inc. | GE Capital |
| 133 | 133 - Broadway | 1301 West Broadway Ave | Minneapolis | MN | Wagstaff Minnesota, Inc. | GE Capital |
| 134 | 134 - Bloomington | 9255 Lyndale Ave | Bloomington | MN | Wagstaff Minnesota, Inc. | GE Capital |
| 135 | 135 - Chicago | 2918 Chicago Ave | Minneapolis | MN | Wagstaff Minnesota, Inc. | GE Capital |
| 136 | 136 - Inver Grove Heigh | 3220 57th Street E | Inver Grove | MN | Wagstaff Minnesota, Inc. | GE Capital |
| 137 | 137 - Apply Valley | 7641 150th St. W | Apple Valley | MN | Wagstaff Minnesota, Inc. | GE Capital |
| 138 | 138 - University | 1089 University Ave | St.Paul | MN | Wagstaff Minnesota, Inc. | GE Capital |
| 139 | 139 - Richfield | 220 West 66th Street | Richfield | MN | Wagstaff Minnesota, Inc. | GE Capital |
| 140 | 140 - Beam | 1938 Beam Ave | St.Paul | MN | Wagstaff Minnesota, Inc. | GE Capital |
| 141 | 141 - Brooklyn Park | 8025 Brooklyn Park Blvd | Brooklyn Park | MN | Wagstaff Minnesota, Inc. | GE Capital |
| 142 | 142 - Crystal | 6817 Bass Lake Road | Crystal | MN | Wagstaff Minnesota, Inc. | GE Capital |
| 143 | 143 - Northtown | 8770 University Ave NW | Coon Rapids | MN | Wagstaff Minnesota, Inc. | GE Capital |
| 144 | 144 - Robert | 1560 Robert St. S | St.Paul | MN | Wagstaff Minnesota, Inc. | GE Capital |
| 145 | 145 - Suburban | 1722 Suburban Ave | St.Paul | MN | Wagstaff Minnesota, Inc. | GE Capital |
| 146 | 146 - Oakdale | 7037 10th St N | Oakdale | MN | Wagstaff Minnesota, Inc. | GE Capital |
| 147 | 147 - Mounds View | 2213 Highway 10 | St.Paul | MN | Wagstaff Minnesota, Inc. | GE Capital |
| 148 | 148 - Brooklyn Center | 5430 Brooklyn Blvd | Brooklyn Center | MN | Wagstaff Minnesota, Inc. | GE Capital |
| 149 | 149 - Rosemount | 10510 Claret Ave W | Rosemount | MN | Wagstaff Minnesota, Inc. | GE Capital |
| 150 | 150 - Savage | 14165 Highway 13 S | Savage | MN | Wagstaff Minnesota, Inc. | GE Capital |
| 151 | 151 - Vadnais Heights | 930 East County Rd | Vadnais Heights | MN | Wagstaff Minnesota, Inc. | GE Capital |
| 152 | 152 - Edinburgh | 8540 Edinburgh Center Driv | Brooklyn Park | MN | Wagstaff Minnesota, Inc. | GE Capital |
| 153 | 153 - Riverdale | 3220 124th Ave NW | Coon Rapids | MN | Wagstaff Minnesota, Inc. | GE Capital |
| 154 | 154 - Columbia Heights | 5060 Central Ave NE | Columbia Height | MN | Wagstaff Minnesota, Inc. | GE Capital |
| 155 | 155 - Burnsville | 14150 County Road 5 | Burnsville | MN | Wagstaff Minnesota, Inc. | GE Capital |
| 255 | 255 - DeSoto | 915 N I 35 E | Desoto | TX | Wagstaff Texas, Inc. | NFA Funding |
| 256 | 256 - Waxahachie | 1209 North Highway 77 | Waxahachie | TX | Wagstaff Texas, Inc. | NFA Funding |
| 257 | 257 - Polk | 3806 South Polk Street | Dallas | TX | Wagstaff Texas, Inc. | NFA Funding |
| 259 | 259 - Ledbetter | 2802 East Ledbetter Dr | Dallas | TX | Wagstaff Texas, Inc. | NFA Funding |

Exhibit C

| | FILING DATE | WEEK 1 ENDED | WEEK 2 ENDED | WEEK 3 ENDED | WEEK 4 ENDED | Interim Totals Week 1-4 | WEEK 5 ENDED | WEEK 6 ENDED | WEEK 7 ENDED | WEEK 8 ENDED | WEEK 9 ENDED | WEEK 10 ENDED | WEEK 11 ENDED | WEEK 12 ENDED | WEEK 13 ENDED | Final Totals Week 1-13 |
|--------------------------|-------------|--------------|--------------|--------------|--------------|-------------------------|--------------|--------------|--------------|--------------|--------------|---------------|---------------|---------------|---------------|------------------------|
| | 4/30/2011 | 5/7/2011 | 5/14/2011 | 5/21/2011 | 5/28/2011 | | 6/4/2011 | 6/11/2011 | 6/18/2011 | 6/25/2011 | 7/2/2011 | 7/9/2011 | 7/16/2011 | 7/23/2011 | 7/30/2011 | |
| Beginning Cash | 133,935 | 133,935 | 511,859 | 1,130,451 | 605,214 | 133,935 | 779,813 | 512,048 | 1,155,535 | 868,001 | 638,152 | 250,579 | 761,805 | 354,827 | 380,968 | 133,935 |
| Cash Inflows | | 2,088,256 | 1,382,342 | 1,362,458 | 1,427,414 | 6,260,469 | 1,525,822 | 1,444,492 | 1,415,846 | 1,335,808 | 1,443,053 | 1,276,717 | 1,277,922 | 1,256,545 | 1,383,294 | 18,619,968 |
| Cash Outflows | | (1,710,331) | (763,750) | (1,887,695) | (965,565) | (5,327,341) | (1,793,587) | (801,005) | (1,703,380) | (1,270,907) | (1,830,627) | (765,491) | (1,684,901) | (935,653) | (1,564,357) | (17,677,248) |
| Restructuring fees/costs | | | | | (287,250) | (287,250) | | | | (294,750) | | | | (294,750) | | (876,750) |
| Ending Cash | 133,935 | 511,859 | 1,130,451 | 605,214 | 779,813 | 779,813 | 512,048 | 1,155,535 | 868,001 | 638,152 | 250,579 | 761,805 | 354,827 | 380,968 | 199,905 | 199,905 |

| | FILING DATE | WEEK 1 ENDED | WEEK 2 ENDED | WEEK 3 ENDED | WEEK 4 ENDED | Interim Totals Week 1-4 | WEEK 5 ENDED | WEEK 6 ENDED | WEEK 7 ENDED | WEEK 8 ENDED | WEEK 9 ENDED | WEEK 10 ENDED | WEEK 11 ENDED | WEEK 12 ENDED | WEEK 13 ENDED | Final Totals Week 1-13 |
|-----------------------------------|-------------|--------------|--------------|--------------|--------------|-------------------------|--------------|--------------|--------------|--------------|--------------|---------------|---------------|---------------|---------------|------------------------|
| | 4/30/2011 | 5/7/2011 | 5/14/2011 | 5/21/2011 | 5/28/2011 | | 6/4/2011 | 6/11/2011 | 6/18/2011 | 6/25/2011 | 7/2/2011 | 7/9/2011 | 7/16/2011 | 7/23/2011 | 7/30/2011 | |
| <u>Cash Collateral Position</u> | | | | | | | | | | | | | | | | |
| Cash, including credit card sales | 133,935 | 511,859 | 1,130,451 | 605,214 | 779,813 | 779,813 | 512,048 | 1,155,535 | 868,001 | 638,152 | 250,579 | 761,805 | 354,827 | 380,968 | 199,905 | 199,905 |
| Merchandise Inventories | 666,235 | 666,235 | 666,235 | 666,235 | 666,235 | 666,235 | 666,235 | 666,235 | 666,235 | 666,235 | 666,235 | 666,235 | 666,235 | 666,235 | 666,235 | 666,235 |
| <u>Secured Creditors Position</u> | | | | | | | | | | | | | | | | |
| General Electric Credit Corp | 44,471,948 | 44,471,948 | 44,471,948 | 44,471,948 | 44,471,948 | 44,471,948 | 44,471,948 | 44,471,948 | 44,471,948 | 44,471,948 | 44,471,948 | 44,471,948 | 44,471,948 | 44,471,948 | 44,471,948 | 44,471,948 |
| National Franchise Accept | 13,664,302 | 13,664,302 | 13,664,302 | 13,664,302 | 13,664,302 | 13,664,302 | 13,664,302 | 13,664,302 | 13,664,302 | 13,664,302 | 13,664,302 | 13,664,302 | 13,664,302 | 13,664,302 | 13,664,302 | 13,664,302 |

| | WEEK 1 ENDED 5/7/2011 | WEEK 2 ENDED 5/14/2011 | WEEK 3 ENDED 5/21/2011 | WEEK 4 ENDED 5/28/2011 | Interim Totals Week 1-4 | WEEK 5 ENDED 6/4/2011 | WEEK 6 ENDED 6/11/2011 | WEEK 7 ENDED 6/18/2011 | WEEK 8 ENDED 6/25/2011 | WEEK 9 ENDED 7/2/2011 | WEEK 10 ENDED 7/9/2011 | WEEK 11 ENDED 7/16/2011 | WEEK 12 ENDED 7/23/2011 | WEEK 13 ENDED 7/30/2011 | Final Totals Week 1-13 |
|---|-----------------------------|------------------------------|------------------------------|------------------------------|-------------------------------|-----------------------------|------------------------------|------------------------------|------------------------------|-----------------------------|------------------------------|-------------------------------|-------------------------------|-------------------------------|------------------------------|
| RESTRUCTURING FEES AND COSTS | | | | | | | | | | | | | | | |
| PWK (Debtors' counsel) | 60,000 | 50,000 | 45,000 | 45,000 | 200,000 | 45,000 | 45,000 | 45,000 | 45,000 | 45,000 | 45,000 | 45,000 | 45,000 | 45,000 | 605,000 |
| Trinity Capital (Fin. Adv.) | 9,250 | 9,250 | 9,250 | 9,250 | 37,000 | 9,250 | 9,250 | 9,250 | 9,250 | 9,250 | 9,250 | 9,250 | 9,250 | 9,250 | 120,250 |
| Adair&Evans-(Bkpg, Accounts Payable & Cash Flow Management, BK Reporting) | 9,000 | 9,000 | 9,000 | 9,000 | 36,000 | 9,000 | 9,000 | 9,000 | 9,000 | 9,000 | 9,000 | 9,000 | 9,000 | 9,000 | 117,000 |
| M. Garner (Franchise Law) | | | | | 2,500 | | | | | 2,500 | | | | 2,500 | 7,500 |
| Kahn, Soares & Conway, LLP (Outside Corp. Counsel) | | | | | 2,500 | 2,500 | | | | 2,500 | | | | 2,500 | 7,500 |
| Creditor Comm. Counsel | | | | 20,000 | 20,000 | 40,000 | 20,000 | 20,000 | 20,000 | 20,000 | 20,000 | 20,000 | 20,000 | 20,000 | 220,000 |
| Fredriksen & Byron, PA (Local Council) | | | | | 15,000 | 15,000 | | | | 15,000 | | | | 15,000 | 45,000 |
| Epiq(Notice & Claims Agent) 100% | 15,000 | 7,500 | 7,500 | 7,500 | 37,500 | 7,500 | 7,500 | 7,500 | 7,500 | 7,500 | 7,500 | 7,500 | 7,500 | 7,500 | 105,000 |
| Weekly Total | 93,250 | 75,750 | 90,750 | 110,750 | 370,500 | 90,750 | 90,750 | 90,750 | 110,750 | 90,750 | 90,750 | 90,750 | 110,750 | 90,750 | 1,227,250 |
| Payment of 75% of Professional Fees | | | | (249,750) | (249,750) | | | | (264,750) | | | | (264,750) | | |
| Payment of 100% Epiq Fee | | | | (37,500) | (37,500) | | | | (30,000) | | | | (30,000) | | |
| Accrued Professional Fees | 93,250 | 169,000 | 259,750 | 83,250 | 83,250 | 174,000 | 264,750 | 355,500 | 171,500 | 262,250 | 353,000 | 443,750 | 259,750 | 350,500 | |

| | WEEK 1 ENDED 5/7/2011 | WEEK 2 ENDED 5/14/2011 | WEEK 3 ENDED 5/21/2011 | WEEK 4 ENDED 5/28/2011 | Interim Totals Week 1-4 | WEEK 5 ENDED 6/4/2011 | WEEK 6 ENDED 6/11/2011 | WEEK 7 ENDED 6/18/2011 | WEEK 8 ENDED 6/25/2011 | WEEK 9 ENDED 7/2/2011 | WEEK 10 ENDED 7/9/2011 | WEEK 11 ENDED 7/16/2011 | WEEK 12 ENDED 7/23/2011 | WEEK 13 ENDED 7/30/2011 | Final Totals Week 1-13 |
|---------------------------------|-----------------------------|------------------------------|------------------------------|------------------------------|-------------------------------|-----------------------------|------------------------------|------------------------------|------------------------------|-----------------------------|------------------------------|-------------------------------|-------------------------------|-------------------------------|------------------------------|
| WAGSTAFF MINNESOTA | | | | | | | | | | | | | | | |
| Beginning Cash | 5,786 | 110,378 | 294,722 | 42,379 | 5,786 | 257,744 | 152,652 | 354,860 | 255,912 | 409,925 | 243,775 | 376,344 | 229,125 | 348,324 | 5,786 |
| Cash Inflows | | | | | | | | | | | | | | | |
| Sales, Estimated | 687,155 | 439,718 | 426,052 | 452,291 | 2,005,216 | 481,679 | 458,928 | 443,145 | 422,576 | 432,959 | 393,106 | 394,395 | 387,781 | 452,798 | 5,872,583 |
| Sales Tax Collected | 50,437 | 32,275 | 31,272 | 33,198 | 147,183 | 35,355 | 33,685 | 32,527 | 31,017 | 31,779 | 28,854 | 28,949 | 28,463 | 33,235 | 431,048 |
| Cash Balance | 743,378 | 582,372 | 752,046 | 527,868 | 2,158,185 | 774,779 | 645,265 | 830,532 | 709,505 | 874,662 | 665,734 | 799,687 | 645,369 | 834,358 | 6,309,417 |
| Cash Outflows | | | | | | | | | | | | | | | |
| Sales Tax Paid | (78,000) | (39,000) | (12,000) | - | (129,000) | (39,000) | (39,000) | (39,000) | (12,000) | (39,000) | (39,000) | (39,000) | (12,000) | - | (387,000) |
| Franchise Royalties | - | (5,000) | (70,599) | - | (75,599) | - | (5,000) | (81,620) | - | - | (5,000) | (77,563) | - | - | (244,782) |
| National Advertising-KFC 1% | - | (17,650) | - | - | (17,650) | - | (20,405) | - | - | - | (19,391) | - | - | - | (57,445) |
| National Advertising-KFC | - | - | - | (44,124) | (44,124) | - | - | - | (51,012) | - | - | - | (48,477) | - | (143,613) |
| National Advertising-KFC UM | - | - | - | - | - | (56,126) | - | - | - | (64,888) | - | - | - | (61,662) | (182,676) |
| NFA - Grilling Ovens | - | - | (10,568) | - | (10,568) | - | - | - | (10,568) | - | - | - | (10,568) | - | (31,704) |
| Payroll | (228,000) | - | (228,000) | - | (456,000) | (228,000) | - | (228,000) | - | (228,000) | - | (228,000) | - | (228,000) | (1,596,000) |
| Rents | (73,000) | - | - | - | (73,000) | (73,000) | - | - | - | (73,000) | - | - | - | - | (219,000) |
| McLane-Food and Supplies | (168,000) | (140,000) | (140,000) | (140,000) | (588,000) | (140,000) | (140,000) | (140,000) | (140,000) | (140,000) | (140,000) | (140,000) | (140,000) | (140,000) | (1,848,000) |
| Repairs/Maint/Supp/Util | (86,000) | (86,000) | (86,000) | (86,000) | (344,000) | (86,000) | (86,000) | (86,000) | (86,000) | (86,000) | (86,000) | (86,000) | (86,000) | (86,000) | (1,118,000) |
| Property Taxes | - | - | (162,500) | - | (162,500) | - | - | - | - | - | - | - | - | - | (162,500) |
| Ending Cash (Operations) | 110,378 | 294,722 | 42,379 | 257,744 | 257,744 | 152,652 | 354,860 | 255,912 | 409,925 | 243,775 | 376,344 | 229,125 | 348,324 | 318,696 | 318,696 |

| | WEEK 1 ENDED 5/7/2011 | WEEK 2 ENDED 5/14/2011 | WEEK 3 ENDED 5/21/2011 | WEEK 4 ENDED 5/28/2011 | Interim Totals Week 1-4 | WEEK 5 ENDED 6/4/2011 | WEEK 6 ENDED 6/11/2011 | WEEK 7 ENDED 6/18/2011 | WEEK 8 ENDED 6/25/2011 | WEEK 9 ENDED 7/2/2011 | WEEK 10 ENDED 7/9/2011 | WEEK 11 ENDED 7/16/2011 | WEEK 12 ENDED 7/23/2011 | WEEK 13 ENDED 7/30/2011 | Final Totals Week 1-13 |
|-----------------------------|-----------------------------|------------------------------|------------------------------|------------------------------|-------------------------------|-----------------------------|------------------------------|------------------------------|------------------------------|-----------------------------|------------------------------|-------------------------------|-------------------------------|-------------------------------|------------------------------|
| WAGSTAFF-ATTE ALASKA | | | | | | | | | | | | | | | |
| Beginning Cash | 21,974 | 18,316 | 71,350 | 39,860 | 21,974 | 76,971 | 15,356 | 36,398 | 3,302 | 33,694 | (30,932) | 7,469 | (33,415) | (2,945) | 21,974 |
| Cash Inflows | | | | | | | | | | | | | | | |
| Sales, Estimated | 154,341 | 116,734 | 113,555 | 112,206 | 496,837 | 107,859 | 109,742 | 113,247 | 105,047 | 106,497 | 102,101 | 107,177 | 104,323 | 110,978 | 1,463,808 |
| NO SALES TAX | | | | | | | | | | | | | | | |
| Cash Balance | 176,316 | 135,050 | 184,905 | 152,065 | 518,811 | 184,831 | 125,098 | 149,645 | 108,349 | 140,192 | 71,169 | 114,646 | 70,908 | 108,033 | 1,485,782 |
| Cash Outflows | | | | | | | | | | | | | | | |
| Franchise Royalties | - | (1,700) | (20,950) | - | (22,650) | - | (1,700) | (20,247) | - | - | (1,700) | (18,964) | - | - | (65,262) |
| National Advertising-KFC | - | - | - | (13,094) | (13,094) | - | - | - | (12,654) | - | - | - | (11,853) | - | (37,601) |
| National Advertising-AFA | - | - | - | - | - | (10,475) | - | - | - | (10,124) | - | - | - | (9,482) | (30,081) |
| NFA-Grilling Ovens | - | - | (2,096) | - | (2,096) | - | - | (2,096) | - | - | - | (2,096) | - | - | (6,287) |
| Payroll | (59,000) | - | (60,000) | - | (119,000) | (60,000) | - | (62,000) | - | (62,000) | - | (65,000) | - | (65,000) | (433,000) |
| Rents | (37,000) | - | - | - | (37,000) | (37,000) | - | - | - | (37,000) | - | - | - | - | (111,000) |
| Sygma-Food & Supplies | (28,000) | (28,000) | (28,000) | (28,000) | (112,000) | (28,000) | (28,000) | (28,000) | (28,000) | (28,000) | (28,000) | (28,000) | (28,000) | (28,000) | (364,000) |
| McLane-Food & Supplies | (2,000) | (2,000) | (2,000) | (2,000) | (8,000) | (2,000) | (2,000) | (2,000) | (2,000) | (2,000) | (2,000) | (2,000) | (2,000) | (2,000) | (26,000) |
| Repairs/Maint/Supp/Util | (32,000) | (32,000) | (32,000) | (32,000) | (128,000) | (32,000) | (32,000) | (32,000) | (32,000) | (32,000) | (32,000) | (32,000) | (32,000) | (32,000) | (416,000) |
| Property Taxes | - | - | - | - | - | - | - | - | - | - | - | - | - | - | (25,000) |
| Ending Cash | 18,316 | 71,350 | 39,860 | 76,971 | 76,971 | 15,356 | 36,398 | 3,302 | 33,694 | (30,932) | 7,469 | (33,415) | (2,945) | (28,449) | (28,449) |

WAGSTAFF-ATTE ALASKA, INC.

5/1/2011

13 WEEK CASH FLOW PROJECTION BEGINNING APRIL 29, 2011

| | WEEK 1 ENDED 5/7/2011 | WEEK 2 ENDED 5/14/2011 | WEEK 3 ENDED 5/21/2011 | WEEK 4 ENDED 5/28/2011 | Interim Totals Week 1-4 | WEEK 5 ENDED 6/4/2011 | WEEK 6 ENDED 6/11/2011 | WEEK 7 ENDED 6/18/2011 | WEEK 8 ENDED 6/25/2011 | WEEK 9 ENDED 7/2/2011 | WEEK 10 ENDED 7/9/2011 | WEEK 11 ENDED 7/16/2011 | WEEK 12 ENDED 7/23/2011 | WEEK 13 ENDED 7/30/2011 | Final Totals Week 1-13 |
|----------------------------|-----------------------------|------------------------------|------------------------------|------------------------------|-------------------------------|-----------------------------|------------------------------|------------------------------|------------------------------|-----------------------------|------------------------------|-------------------------------|-------------------------------|-------------------------------|------------------------------|
| WAGSTAFF MANAGEMENT | | | | | | | | | | | | | | | |
| Beginning Cash | 2,969 | 99,014 | 246,129 | 178,555 | 2,969 | 232,059 | 182,913 | 336,164 | 260,489 | 250,591 | 178,768 | 315,719 | 241,122 | 337,050 | 2,969 |
| <u>Cash Inflows</u> | | | | | | | | | | | | | | | |
| Sales, Estimated | 428,546 | 278,444 | 280,178 | 293,973 | 1,281,141 | 325,543 | 292,888 | 288,495 | 263,058 | 318,639 | 269,054 | 273,655 | 256,483 | 274,986 | 3,843,942 |
| Sales Tax Collected | 35,355 | 22,972 | 23,115 | 24,253 | 105,694 | 26,857 | 24,163 | 23,801 | 21,702 | 26,288 | 22,197 | 22,577 | 21,160 | 22,686 | 317,125 |
| Cash Balance | 466,871 | 400,429 | 549,422 | 496,781 | 1,389,804 | 584,460 | 499,964 | 648,460 | 545,250 | 595,518 | 470,019 | 611,950 | 518,764 | 634,723 | 4,164,036 |
| <u>Cash Outflows</u> | | | | | | | | | | | | | | | |
| Sales Tax Paid | - | - | - | (92,647) | (92,647) | - | - | - | (108,331) | - | - | - | - | - | (200,978) |
| Franchise Royalties | - | (10,300) | (44,920) | - | (55,220) | - | (10,300) | (52,524) | - | - | (10,300) | (50,828) | - | - | (179,172) |
| National Advertising-KFC | - | - | - | (28,075) | (28,075) | - | - | - | (32,828) | - | - | - | (31,767) | - | (92,670) |
| National Advertising-AFA | - | - | - | - | - | (33,690) | - | - | - | (39,393) | - | - | - | (38,121) | (111,204) |
| NFA Grilling Ovens | - | - | (5,947) | - | (5,947) | - | - | (5,947) | - | - | - | - | (5,947) | - | (17,840) |
| Payroll | (176,000) | - | (176,000) | - | (352,000) | (176,000) | - | (176,000) | - | (176,000) | - | (176,000) | - | (176,000) | (1,232,000) |
| Rents | (47,857) | - | - | - | (47,857) | (47,857) | - | - | - | (47,857) | - | - | - | - | (143,571) |
| McLane-Food & Supplies | (86,000) | (86,000) | (86,000) | (86,000) | (344,000) | (86,000) | (86,000) | (86,000) | (86,000) | (86,000) | (86,000) | (86,000) | (86,000) | (86,000) | (1,118,000) |
| Repairs/Maint/Supp/Util | (58,000) | (58,000) | (58,000) | (58,000) | (232,000) | (58,000) | (58,000) | (58,000) | (58,000) | (58,000) | (58,000) | (58,000) | (58,000) | (58,000) | (754,000) |
| Property Taxes | - | - | - | - | - | - | (9,500) | (9,500) | (9,500) | (9,500) | - | - | - | - | (38,000) |
| Ending Cash (Operations) | 99,014 | 246,129 | 178,555 | 232,059 | 232,059 | 182,913 | 336,164 | 260,489 | 250,591 | 178,768 | 315,719 | 241,122 | 337,050 | 276,602 | 276,602 |

| | WEEK 1 ENDED 5/7/2011 | WEEK 2 ENDED 5/14/2011 | WEEK 3 ENDED 5/21/2011 | WEEK 4 ENDED 5/28/2011 | Interim Totals Week 1-4 | WEEK 5 ENDED 6/4/2011 | WEEK 6 ENDED 6/11/2011 | WEEK 7 ENDED 6/18/2011 | WEEK 8 ENDED 6/25/2011 | WEEK 9 ENDED 7/2/2011 | WEEK 10 ENDED 7/9/2011 | WEEK 11 ENDED 7/16/2011 | WEEK 12 ENDED 7/23/2011 | WEEK 13 ENDED 7/30/2011 | Final Totals Week 1-13 |
|---------------------------------|-----------------------------|------------------------------|------------------------------|------------------------------|-------------------------------|-----------------------------|------------------------------|------------------------------|------------------------------|-----------------------------|------------------------------|-------------------------------|-------------------------------|-------------------------------|------------------------------|
| D&D IDAHO FOOD | | | | | | | | | | | | | | | |
| Beginning Cash | 54,067 | 138,387 | 253,184 | 171,734 | 54,067 | 273,681 | 243,723 | 362,976 | 329,518 | 251,883 | 201,435 | 293,790 | 233,481 | 259,556 | 54,067 |
| Cash Inflows | | | | | | | | | | | | | | | |
| Sales, Estimated | 299,957 | 204,997 | 200,688 | 206,321 | 911,964 | 214,414 | 209,201 | 207,388 | 197,486 | 201,647 | 183,826 | 180,703 | 186,701 | 200,732 | 2,694,061 |
| Sales Tax Collected | 17,997 | 12,300 | 12,041 | 12,379 | 54,718 | 12,865 | 12,552 | 12,443 | 11,849 | 12,099 | 11,030 | 10,842 | 11,202 | 12,044 | 161,644 |
| Cash Balance | 372,022 | 355,684 | 465,914 | 390,434 | 1,020,749 | 500,960 | 465,476 | 582,807 | 538,852 | 465,629 | 396,290 | 485,335 | 431,384 | 472,332 | 2,909,772 |
| Cash Outflows | | | | | | | | | | | | | | | |
| Sales Tax Paid | - | - | (49,806) | - | (49,806) | - | - | - | (55,678) | - | - | - | (53,526) | - | (159,010) |
| Franchise Royalties | - | (6,500) | (33,204) | - | (39,704) | - | (6,500) | (37,119) | - | - | (6,500) | (35,684) | - | - | (125,507) |
| National Advertising-KFC | - | - | - | (20,752) | (20,752) | - | - | - | (23,199) | - | - | - | (22,302) | - | (66,254) |
| National Advertising-AFA | - | - | - | - | - | (16,602) | - | - | - | (18,559) | - | - | - | (17,842) | (53,003) |
| NFA Grilling Ovens | - | - | (5,171) | - | (5,171) | - | - | (5,171) | - | - | - | (5,171) | - | - | (15,512) |
| Payroll | (103,000) | - | (110,000) | - | (213,000) | (110,000) | - | (115,000) | - | (115,000) | - | (115,000) | - | (115,000) | (783,000) |
| Rents | (34,635) | - | - | - | (34,635) | (34,635) | - | - | (34,635) | - | - | - | - | - | (103,905) |
| Sygma-Food and Supplies | (55,500) | (55,500) | (55,500) | (55,500) | (222,000) | (55,500) | (55,500) | (55,500) | (55,500) | (55,500) | (55,500) | (55,500) | (55,500) | (55,500) | (721,500) |
| McLane-Food and Supplies | (2,500) | (2,500) | (2,500) | (2,500) | (10,000) | (2,500) | (2,500) | (2,500) | (2,500) | (2,500) | (2,500) | (2,500) | (2,500) | (2,500) | (32,500) |
| Repairs/Maint/Supp/Util | (38,000) | (38,000) | (38,000) | (38,000) | (152,000) | (38,000) | (38,000) | (38,000) | (38,000) | (38,000) | (38,000) | (38,000) | (38,000) | (38,000) | (494,000) |
| Property Taxes | - | - | - | - | - | - | - | - | (112,092) | - | - | - | - | - | (112,092) |
| Ending Cash (Operations) | 138,387 | 253,184 | 171,734 | 273,681 | 273,681 | 243,723 | 362,976 | 329,518 | 251,883 | 201,435 | 293,790 | 233,481 | 259,556 | 243,490 | 243,490 |

| | WEEK 1 ENDED 5/7/2011 | WEEK 2 ENDED 5/14/2011 | WEEK 3 ENDED 5/21/2011 | WEEK 4 ENDED 5/28/2011 | Interim Totals Week 1-4 | WEEK 5 ENDED 6/4/2011 | WEEK 6 ENDED 6/11/2011 | WEEK 7 ENDED 6/18/2011 | WEEK 8 ENDED 6/25/2011 | WEEK 9 ENDED 7/2/2011 | WEEK 10 ENDED 7/9/2011 | WEEK 11 ENDED 7/16/2011 | WEEK 12 ENDED 7/23/2011 | WEEK 13 ENDED 7/30/2011 | Final Totals Week 1-13 |
|---------------------------------|-----------------------------|------------------------------|------------------------------|------------------------------|-------------------------------|-----------------------------|------------------------------|------------------------------|------------------------------|-----------------------------|------------------------------|-------------------------------|-------------------------------|-------------------------------|------------------------------|
| D&D FOOD | | | | | | | | | | | | | | | |
| Beginning Cash | 19,535 | 93,334 | 181,126 | 141,052 | 19,535 | 162,759 | 150,313 | 261,821 | 239,472 | 213,585 | 190,609 | 279,826 | 225,501 | 286,196 | 19,535 |
| Cash Inflows | | | | | | | | | | | | | | | |
| Sales, Estimated | 269,412 | 173,018 | 173,662 | 183,211 | 799,302 | 212,113 | 194,926 | 194,936 | 180,030 | 206,522 | 174,334 | 168,060 | 165,198 | 174,940 | 2,470,363 |
| Sales Tax Collected | 22,226 | 14,274 | 14,327 | 15,115 | 65,942 | 17,499 | 16,081 | 16,082 | 14,853 | 17,038 | 14,383 | 13,865 | 13,629 | 14,433 | 203,805 |
| Cash Balance | 311,174 | 280,626 | 369,115 | 339,377 | 884,780 | 392,372 | 361,321 | 472,839 | 434,355 | 437,146 | 379,326 | 461,751 | 404,329 | 475,568 | 2,693,703 |
| Cash Outflows | | | | | | | | | | | | | | | |
| Sales Tax Paid | - | - | - | (61,102) | (61,102) | - | - | - | (103,189) | - | - | - | - | - | (164,292) |
| Franchise Royalties | - | (2,500) | (29,625) | - | (32,125) | - | (2,500) | (32,929) | - | - | (2,500) | (33,812) | - | - | (103,867) |
| National Advertising-KFC | - | - | - | (18,516) | (18,516) | - | - | - | (20,581) | - | - | - | (21,133) | - | (60,229) |
| National Advertising-AFA | - | - | - | - | - | (22,219) | - | - | - | (24,697) | - | - | - | (25,359) | (72,275) |
| NFA-Grilling Ovens | - | - | (3,438) | - | (3,438) | - | - | (3,438) | - | - | - | (3,438) | - | - | (10,313) |
| Payroll | (98,000) | - | (98,000) | - | (196,000) | (100,000) | - | (100,000) | - | (102,000) | - | (102,000) | - | (102,000) | (702,000) |
| Rents | (22,839) | - | - | - | (22,839) | (22,839) | - | - | - | (22,839) | - | - | - | - | (68,518) |
| McLane-Food & Supplies | (62,000) | (62,000) | (62,000) | (62,000) | (248,000) | (62,000) | (62,000) | (62,000) | (62,000) | (62,000) | (62,000) | (62,000) | (62,000) | (62,000) | (806,000) |
| Repairs/Maint/Supp/Util | (35,000) | (35,000) | (35,000) | (35,000) | (140,000) | (35,000) | (35,000) | (35,000) | (35,000) | (35,000) | (35,000) | (35,000) | (35,000) | (35,000) | (455,000) |
| Property Taxes | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Ending Cash (Operations) | 93,334 | 181,126 | 141,052 | 162,759 | 162,759 | 150,313 | 261,821 | 239,472 | 213,585 | 190,609 | 279,826 | 225,501 | 286,196 | 251,209 | 251,209 |

| | WEEK 1 ENDED 5/7/2011 | WEEK 2 ENDED 5/14/2011 | WEEK 3 ENDED 5/21/2011 | WEEK 4 ENDED 5/28/2011 | Interim Totals Week 1-4 | WEEK 5 ENDED 6/4/2011 | WEEK 6 ENDED 6/11/2011 | WEEK 7 ENDED 6/18/2011 | WEEK 8 ENDED 6/25/2011 | WEEK 9 ENDED 7/2/2011 | WEEK 10 ENDED 7/9/2011 | WEEK 11 ENDED 7/16/2011 | WEEK 12 ENDED 7/23/2011 | WEEK 13 ENDED 7/30/2011 | Final Totals Week 1-13 |
|-----------------------------------|-----------------------------|------------------------------|------------------------------|------------------------------|-------------------------------|-----------------------------|------------------------------|------------------------------|------------------------------|-----------------------------|------------------------------|-------------------------------|-------------------------------|-------------------------------|------------------------------|
| WAGSTAFF TEXAS | | | | | | | | | | | | | | | |
| Beginning Cash | 29,603 | 52,431 | 83,940 | 31,634 | 29,603 | 63,848 | 54,341 | 90,566 | 66,558 | 60,474 | 48,925 | 70,657 | 41,012 | 29,537 | 29,603 |
| Cash Inflows | | | | | | | | | | | | | | | |
| Sales, Estimated | 113,467 | 80,932 | 80,893 | 87,268 | 362,561 | 84,653 | 85,289 | 77,397 | 81,469 | 82,757 | 71,901 | 71,779 | 75,386 | 79,871 | 1,073,062 |
| Sales Tax Collected | 9,361 | 6,677 | 6,674 | 7,200 | 29,911 | 6,984 | 7,036 | 6,385 | 6,721 | 6,827 | 5,932 | 5,922 | 6,219 | 6,589 | 88,528 |
| Cash Balance | 152,431 | 140,040 | 171,507 | 126,102 | 422,075 | 155,485 | 146,666 | 174,348 | 154,748 | 150,059 | 126,757 | 148,358 | 122,617 | 115,998 | 1,191,193 |
| Cash Outflows | | | | | | | | | | | | | | | |
| Sales Tax Paid | - | - | (30,539) | - | (30,539) | - | - | - | (30,504) | - | - | - | (29,588) | - | (90,631) |
| Franchise Royalties | - | (3,100) | (14,807) | - | (17,907) | - | (3,100) | (14,790) | - | - | (3,100) | (14,346) | - | - | (53,242) |
| National Advertising-KFC | - | - | - | (9,254) | (9,254) | - | - | - | (9,244) | - | - | - | (8,966) | - | (27,464) |
| National Advertising-DFW | - | - | - | - | - | (8,144) | - | - | - | (8,134) | - | - | - | (7,890) | (24,168) |
| NFA Grilling Ovens | - | - | (1,527) | - | (1,527) | - | - | - | (1,527) | - | - | - | (1,527) | - | (4,580) |
| Payroll | (40,000) | - | (40,000) | - | (80,000) | (40,000) | - | (40,000) | - | (40,000) | - | (40,000) | - | (40,000) | (280,000) |
| McLane-Food & Supplies | (42,000) | (35,000) | (35,000) | (35,000) | (147,000) | (35,000) | (35,000) | (35,000) | (35,000) | (35,000) | (35,000) | (35,000) | (35,000) | (35,000) | (462,000) |
| Repairs/Maint/Supp/Util | (18,000) | (18,000) | (18,000) | (18,000) | (72,000) | (18,000) | (18,000) | (18,000) | (18,000) | (18,000) | (18,000) | (18,000) | (18,000) | (18,000) | (234,000) |
| Ending Cash (Operations) | 52,431 | 83,940 | 31,634 | 63,848 | 63,848 | 54,341 | 90,566 | 66,558 | 60,474 | 48,925 | 70,657 | 41,012 | 29,537 | 15,108 | 15,108 |

WAGSTAFF TEXAS, INC.

13 WEEK CASH FLOW PROJECTION BEGINNING APRIL 29, 2011

5/1/2011

Exhibit D

| Wagstaff Mgmt. Corp. | Dates & Amounts |
|---|-------------------------------------|
| Most recent Ending Payroll Period | April 9 thru April 16, 2011 |
| Most recent Check Date | April 19, 2011 |
| Next payroll Check Date | May 3, 2011 |
| For covered dates of: | April 17 thru April 30, 2011 |
| Estimated Payroll for May 3rd check date | \$43,039.00 |
| Estimated Payroll tax amount for 05/03/2011 | \$12,972.00 |
| Number of estimated Employees: | 85 |

| A.D. Bakes Inc. | Dates & Amounts |
|---|-------------------------------------|
| Most recent Ending Payroll Period | April 9 thru April 16, 2011 |
| Most recent Check Date | April 20, 2011 |
| Next payroll Check Date | May 4, 2011 |
| For covered dates of: | April 17 thru April 30, 2011 |
| Estimated Payroll for May 4th check date | 81,744.00 |
| Estimated Payroll tax amount for 05/04/2011 | 27,880.00 |
| Number of estimated Employees: | 180 |

| D & D Food Mgmt. Inc. | Dates & Amounts |
|---|-------------------------------------|
| Most recent Ending Payroll Period | April 9 thru April 16, 2011 |
| Most recent Check Date | April 21, 2011 |
| Next payroll Check Date | May 5, 2011 |
| For covered dates of: | April 17 thru April 30, 2011 |
| Estimated Payroll for May 5th check date | \$64,296.00 |
| Estimated Payroll tax amount for 05/05/2011 | \$21,042.00 |
| Number of estimated Employees: | 181 |

| D & D Idaho Food, Inc. | Dates & Amounts |
|---|-------------------------------------|
| Most recent Ending Payroll Period | April 9 thru April 16, 2011 |
| Most recent Check Date | April 21, 2011 |
| Next payroll Check Date | May 5, 2011 |
| For covered dates of: | April 17 thru April 30, 2011 |
| Estimated Payroll for May 5th check date | \$83,268.00 |
| Estimated Payroll tax amount for 05/03/2011 | \$22,888.00 |
| Number of estimated Employees: | 199 |

| Wagstaff Atte Alaska | Dates & Amounts |
|---|-------------------------------------|
| Most recent Ending Payroll Period | April 9 thru April 16, 2011 |
| Most recent Check Date | April 20, 2011 |
| Next payroll Check Date | May 4, 2011 |
| For covered dates of: | April 17 thru April 30, 2011 |
| Estimated Payroll for May 4th check date | \$41,585.00 |
| Estimated Payroll tax amount for 05/04/2011 | \$12,134.00 |
| Number of estimated Employees: | 111 |

| Wagstaff Texas, Inc | Dates & Amounts |
|---|-------------------------------------|
| Most recent Ending Payroll Period | April 9 thru April 16, 2011 |
| Most recent Check Date | April 21, 2011 |
| Next payroll Check Date | May 5, 2011 |
| For covered dates of: | April 17 thru April 30, 2011 |
| Estimated Payroll for May 5th check date | \$31,463.00 |
| Estimated Payroll tax amount for 05/05/2011 | \$7,911.00 |
| Number of estimated Employees: | 70 |

| Wagstaff Minnesota Inc. | Dates & Amounts |
|---|-------------------------------------|
| Most recent Ending Payroll Period | April 9 thru April 16, 2011 |
| Most recent Check Date | April 22, 2011 |
| Next payroll Check Date | May 6, 2011 |
| For covered dates of: | April 17 thru April 30, 2011 |
| Estimated Payroll for May 6th check date | \$169,171.00 |
| Estimated Payroll tax amount for 05/06/2011 | \$43,101.00 |
| Number of estimated Employees: | 406 |

Exhibit E

| <u>DEBTOR</u> | <u>NUMBER OF EMPLOYEES</u> | <u>VACATION TOTALS</u> |
|---------------------------------|--------------------------------|------------------------|
| A D BAKES | 180 | \$13,085.00 |
| D & D FOOD MANAGEMENT | 181 | \$10,987.00 |
| D & D IDAHO FOOD | 199 | \$7,695.00 |
| WAGSTAFF MINNESOTA | 406 | \$16,650.00 |
| WAGSTAFF TEXAS | 71 | \$3,900.00 |
| WAGSTAFF ATTE ALASKA | 110 | \$4,181.00 |
| WAGSTAFF MANAGEMENT CORP. | 86 | \$10,757.00 |
| TOTAL | 1233 | \$67,255.00 |

Exhibit F

Exhibit A

| Critical Vendor | Approximate Prepetition Amount Owing |
|---|---|
| McLane Food Service, Inc. (food and supplies) | \$528,216.81 |
| Oxarc (carbon dioxide) | \$1,901.00 |
| Sygma Network, Inc. (food and supplies) | \$159,091.58 |
| Pepsi Cola (Soda) | \$4,060.04 |
| Air Liquide America, L.P. (carbon dioxide) | \$1,062.18 |
| NuCo2, Inc. (carbon dioxide) | \$4,183.05 |
| PFS (Pilgrims) Distribution Corporation (food and supplies) | \$8,286.89 |
| Airgas NCN (carbon dioxide) | \$519.49 |
| Earthgrains Baking Co's Inc. (food and supplies) | \$743.90 |
| American Fast Freight | \$33,610.35 |

Exhibit G

BANK ACCOUNTS

WAGSTAFF-ATTE ALASKA, INC.

| Account Number | Bank Name | Description |
|----------------|-------------|------------------|
| -5703 | Wells Fargo | Checking Account |
| -5871 | Wells Fargo | Payroll Account |

WAGSTAFF TEXAS, INC.

| Account Number | Bank Name | Description |
|----------------|-----------------|-----------------------|
| -9174 | Wells Fargo | Checking Account |
| -5833 | Wells Fargo | Payroll Account |
| -8197 | Bank of America | Store Deposit Account |

WAGSTAFF MANAGEMENT CORP.

| Account Number | Bank Name | Description |
|----------------|----------------------|-----------------------|
| -8531 | Wells Fargo | Checking Account |
| -5855 | Wells Fargo | Payroll Account |
| -8009 | Wells Fargo | Payroll Account |
| -4896 | Wells Fargo | Savings Account |
| -1584 | Bank of America | Store Deposit Account |
| -0163 | United Security Bank | Store Deposit Account |
| -0928 | Santa Lucia Bank | Store Deposit Account |
| -1746 | Santa Lucia Bank | Store Deposit Account |
| -8023 | Santa Lucia Bank | Store Deposit Account |

D&D FOOD MANAGEMENT, INC.

| Account Number | Bank Name | Description |
|----------------|-----------------|-----------------------|
| -3673 | Wells Fargo | Checking Account |
| -5863 | Wells Fargo | Payroll Account |
| -0339 | Bank of America | Store Deposit Account |

D&D IDAHO FOOD, INC.

| Account Number | Bank Name | Description |
|----------------|-------------|------------------|
| -3665 | Wells Fargo | Checking Account |
| -5889 | Wells Fargo | Payroll Account |
| -8248 | Wells Fargo | Checking Account |
| -2553 | Wells Fargo | Inactive Account |
| -6255 | Wells Fargo | Inactive Account |

WAGSTAFF MINNESOTA, INC.

| Account Number | Bank Name | Description |
|----------------|-------------|-----------------------|
| -7698 | Wells Fargo | Checking Account |
| -2431 | Wells Fargo | Concentration Account |
| -2449 | Wells Fargo | Concentration Account |
| -0948 | Wells Fargo | Checking Account |

D&D PROPERTY INVESTMENTS, LLC

| Account Number | Bank Name | Description |
|----------------|-------------|------------------|
| -4580 | Wells Fargo | Checking Account |